

Testimony

of

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on

**Assessing Federal Small Business Assistance
Programs for Veterans and Reservists**

to

The Senate Committee on
Small Business and Entrepreneurship

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EXECUTIVE SUMMARY

Over the years, there have been many good laws passed in recognition and support of those that served in our Armed Forces. But it wasn't until 1999 that Congress found that: (quotes from the Findings Section of PL 106-50)

- (1) "Veterans of the United States Armed Forces have been and continue to be vital to the small business enterprises of the United States;
- (2) In serving the United States, veterans often faced great risks to preserve the American dream of freedom and prosperity;
- (3) The United States has done too little to assist veterans, particularly service-disabled veterans, in playing a greater role in the economy of the United States by forming and expanding small business enterprises;
- (4) Medical advances and new medical technologies have made it possible for service-disabled veterans to play a much more active role in the formation and expansion of small business enterprises in the United States; and
- (5) The United States must provide additional assistance and support to veterans to better equip them to form and expand small business enterprises, thereby enabling them to realize the American dream that they fought to protect."

Agencies and large Prime contractors have yet to reach their 3% mandatory goals for procuring goods and services from SDVOBs. The biggest impediment to increasing contracts to SDVOBs is the "Rule of Two." Following a discussion of the issues, I suggest the following be considered:

- Eliminate the Rule of Two
- Permit federal contracting officers to sole source business to SDVOBs and SVOBs
- Implement mandatory hiring levels of veterans in all federal agencies.
- Stronger tax incentives to hire returning veterans, especially disabled veterans
- Strengthen the Veterans Federal Procurement Program for VOBs by increasing contract awards, resources, and support without including them in the 8a program.
- Alleviate barriers to discrimination and expansion of veteran owned businesses by providing better oversight and frequent monitoring of the implementation of EO 13-360.
- Small business subcontracting plans submitted by large prime contractors should be monitored closely to ensure they are including veteran owned businesses in the process.
- Provide a Price Evaluation Preference of 10% for veteran owned businesses in acquisitions conducted using full and open competition.
- Close loop holes in the GSA schedule wherein large businesses are allowed to take away business intended for small businesses, especially veteran owned businesses.
- Restore veteran hiring preference and effect an enforcement mechanism so all federal agencies will provide veterans preference.

This testimony concludes with a discussion concerning the new DOD policy of extending the time National Guard and Reserve personnel can be called up. This policy will not be supported by employers, whose support is necessary for the success of the citizen soldier concept. And it negatively affects SDVOBs and SVOBs.

WRITTEN TESTIMONY

Introduction

Good Morning Chairman and members of the Senate Committee on Small Business and Entrepreneurship. Let me first thank you for the opportunity to come before the Committee today to share with you information that is relevant to the Committee's discussions on Federal Small Business Assistance Programs for Veterans and Reservists. It is an honor to be here. VetJobs has a unique vantage point on these discussions as by the nature of our business, VetJobs deals with veteran owned businesses nationwide on a regular basis.

The mission of VetJobs is to assist veterans, their spouses and dependents find quality jobs with employers worldwide. Since our launch on Veterans Day in 1999, VetJobs has assisted tens of thousands of veterans and their family members meet the recruiting needs of thousands of companies. As we speak today, there are over 30,000 jobs on the VetJobs site from hundreds of patriotic companies who want to hire veterans and their family members.

VetJobs is a company owned and staffed by veterans or military family members and is recognized as the leading military related job board on the Internet. VetJobs is sponsored by the Veterans of Foreign Wars, endorsed by the Vietnam Veterans of America and for four years has been voted to the WEDDLE's User's Choice Award, the only military related job board to be voted four years running. This award marks VetJobs as one of the top job boards on the Internet out of 40,000 job board sites!

As a businessman, I would like to suggest that in your deliberations on assessing any future small business assistance that you give emphasis to making existing programs stronger rather than creating a rash of new programs. There may be occasions to create new programs when the need is determined to be great enough to justify the action. However, strengthening existing programs and not increasing the size of the bureaucracy should be given precedence in your deliberations.

Veterans have been receiving assistance from many federal agencies over the years. Examples include the Veterans Employment and Training Service (VETS) at the Department of Labor, the myriad programs at the Veterans Administration and the Small Business Administration, and programs provided by the Defense Department.

As a former drilling Navy reservist, I am very pleased that VETS and the National Committee for Employer Support of the Guard and Reserve (ESGR) have been exceptional in getting employers to understand the Uniformed Services Employment and Reemployment Rights Act (USERRA). What concerns me is the recent rise of USERRA complaints. I will discuss this more later.

PL 106-50, originally known as The Veterans Entrepreneurship and Small Business Development Act, was important in setting a government wide goal for participation service disabled veteran owned businesses (SDVOBs). PL 106-50 states that not less than 3% of the total value of all prime contract and subcontract government awards each year shall go to SDVOBs. But this goal has not been met. Agencies indicate that this is because no mechanism has been legislated that allows them to reach the goal. Now that four years have passed since the passage of PL 106-50, Section 308, it should be revisited and revised to meet the needs of today's SDVOBs and add provisions for small veteran owned businesses (SVOBs).

Discussion

What follows is a discussion of my observations as a businessman and former drilling Navy Reservists who interacts with federal agencies, corporations, including veteran owned businesses, and veterans and their family members who are seeking work.

While the framers of PL 106-50 set up a good program in 1999 to assist all veterans interested in starting or expanding their own small businesses, it was not until the Veterans Benefits Act of 2003, Section 308, that a Federal Procurement Program for Veterans was created, particularly for disabled veterans.

Under Section 308, contracting officers were given the authority to restrict competition or make sole source awards for procurement to service disabled veteran owned businesses (SDVOBs). Unfortunately, due to systemic issues federal contracting officers for the most part have not complied to the level they would like with PL 106-50. Executive Order 13-360 says agencies are to implement the laws to create procurement opportunities for SDVOBs, but this still is not happening.

Agencies and large prime contractors have not met their 3% mandatory goals for procuring goods and services from SDVOBs. One of the biggest impediments to increasing the contract activity is the "Rule of Two." The Rule of Two is a major impediment to veteran business success under PL 106-50, 108-183 and EO 13-360.

To be fair, many federal contracting officers are frustrated with the difficulty in awarding procurements directly to veteran owned businesses. The contracting officers need greater freedom and discretion in selecting veteran owned companies to meet their agency's goals.

The Rule of Two as introduced under PL 108-183 is contained in Part 19 FAR, and the Code of Federal Regulations (CFR) 13 CFR, Part 125. The Rule of Two states if a contracting officer knows of two or more SDVOBs that can do the work, then the requirement must be competed and a sole source award can not be made. If sole source can not be made, then the requirement may be competed among SDVOBs only under restricted competition.

Federal Government contracting officers are often under pressure to get requirements awarded quickly, and although there is a SDVOB that can do the job, they routinely go to 8(a) sole source, since the Rule of Two will not allow them to deal with the SDVOB on a sole source basis. In these cases, the Government contracting officer does not have time to even consider restricted competition among SDVOBs because of time factors. Thus, the SDVOB suffers and the government agency loses an opportunity to add to its 3% Goal under the law.

SBA 8(a) Firms have no such Rule and are awarded single sole source awards for their self marketing activities under part 19 FAR. For SBA 8(a) firms there can be a multitude of 8(a) firms and the Contracting Officer can still elect to sole source to just one without competitive procurement activity. I would suggest to the Committee that you consider giving federal contract officers the ability to award contracts on a sole source to SDVOBs and small veteran owned businesses (SVOBs) the same way the contracting officer can make awards for SBA 8(a) firms.

While the Department of Defense announced earlier this month announced several initiatives to expand contracting for small, disadvantaged businesses and change their use of the Rule of Two, the rule itself should be eliminated completely if we are to give all veterans the opportunity they have earned.

And I trust that is the goal of your deliberations, to give veterans the opportunity to start successful businesses.

When I look for reasons why veteran owned businesses are not getting their share of federal business as proscribed by law, I frequently think it has much to do with the background of those making the decisions. The lack of military experience or knowledge of the military immediately becomes apparent. In 1970, one in ten people who worked in the United States had served in the military. Today it is over one in two-hundred and growing. Having an all volunteer force for 35 years means there are now two generations of Americans who have had no exposure, much less an understanding, of today's military. With no understanding or appreciation of what the military brings to the economy of the country, and the skills that veterans have to offer, it is easy for some to overlook giving business to veteran owned companies. There is no true appreciation of what the veterans have done. A way to correct this would be to implement a mandatory hiring level of veterans in all federal agencies, particularly those agencies that deal with the military and veterans, such as the Veterans Administration, Department of Labor, the Small Business Administration and the civilian arm of the Department of Defense. Another move that would help would be to restore the veteran preference to something that is meaningful and that has an effective enforcement mechanism.

On January 11, Secretary of Defense Robert Gates and General Peter Pace, Chairman of the Joint Chiefs of Staff announced that the policy on the use of the Guard and Reserve was changing such that National Guard and Reserve personnel can be called up for longer periods of time and more frequently. As discussed further below, this policy will not be supported by corporate America. The policy also will be destructive to many SVOBs

since many Guard and Reserve personnel own their own businesses. The loan programs that have been implemented to assist the Guard and Reserve personnel who are called up have onerous requirements. And once a person takes advantage of these loan programs, if they are called up a second or third time they do not have the ability to make payments.

Another aspect for consideration is to create stronger encouragement for companies to hire returning disabled veterans and veterans of the recent overseas conflicts. To encourage companies to hire these returning veterans, there should be an incentive program in the form of a targeted job tax break for hiring low income returning veterans. While there are some programs in place, very few employers take advantage due to the fact that the bureaucratic paperwork and tracking costs far exceed any gain to be realized by hiring a veteran! The current laws need to be changed such that an employer has a TRUE incentive to hire veterans, especially disabled veterans.

It should be noted that studies seem to indicate that disabled veterans are less likely to start a company. Much of this comes from the fact that banks are reluctant to give disabled people a loan on the same basis as a non-disabled person. The banking system considers a disabled person to be a higher risk. This system needs to be changed. Laws can be passed to mitigate the risk for banks and thus encourage more veterans to start companies, especially disabled veterans.

Thus, the suggestions I would make for the Committee to consider would include:

- Eliminate the Rule of Two
- Permit federal contracting officers to sole source business to SDVOBs and SVOBs in the same manner the contracting officers can make awards to SBA 8(a) firm
- Implement mandatory hiring levels of veterans in all federal agencies.
- Stronger tax incentives to hire returning veterans, especially disabled veterans
- Strengthen the Veterans Federal Procurement Program for VOBs by increasing contract awards, resources, and support without including them in the 8a program.
- Alleviate barriers to discrimination and expansion of veteran owned businesses by providing better oversight and frequent monitoring of the implementation of EO 13-360.
- Small business subcontracting plans submitted by large prime contractors should be monitored closely to ensure they are including veteran owned businesses in the process.
- Provide a Price Evaluation Preference of 10% for veteran owned businesses in acquisitions conducted using full and open competition.
- Close loop holes in the GSA schedule wherein large businesses are allowed to take away business intended for small businesses, especially veteran owned businesses.
- Restore veteran hiring preference and effect an enforcement mechanism so all federal agencies will provide veterans preference.

The veterans who have served our country so well deserve this treatment.

New Guard and Reserve Call Up Policy - “No Big Deal”?

The rest of my testimony addresses a new policy that is negatively affecting the citizen soldier system in the United States. This policy will have a disproportionate negative effect on SVOBs due to the new frequency and number of times that Guard and Reserve personnel can be recalled.

In today’s workplace, many Guard and Reserve members have been serving two masters – their military organization and their civilian employer. This system has worked for nearly a century, mainly because of the support of patriotic civilian employers. But that support is rapidly going away.

During a press conference on January 11, Secretary of Defense Robert Gates and General Peter Pace, Chairman of the Joint Chiefs of Staff announced that the policy on the use of the Guard and Reserve was changing. The Pentagon's policy on the Guard and Reserve was that members' cumulative time on active duty for the Iraq or Afghan wars could not exceed 24 months. That cumulative limit is now lifted; the remaining limit is on the length of any single mobilization, which may not exceed 24 consecutive months. What this means is a National Guard or Reserve member could be mobilized for a 24-month tour in Iraq or Afghanistan, be demobilized and allowed to return to a civilian working life, only to be mobilized a second time for as much as an additional 24 months for a total of 48 months in any 60 month period.

The Associated Press release of the Pentagon press conference was titled Pentagon Abandons Active-Duty Time Limit. The Associated Press quotes Dr. David Chu, the Under Secretary of Defense for Personnel and Readiness, as saying: The fact that some with previous Iraq experience will end up spending more than 24 months on active duty is no “big deal.”

With all due respect to Dr. Chu, it is a big deal. And one that employers will not support.

This new policy will have long term negative consequences for members of the Guard and Reserve, the Department of Defense and employer support for the Guard and Reserve which is needed to make the system work.

History

The Guard and Reserve system as it is used in the United States has been very effective for nearly a century. It has worked in large part due to the outstanding support by the employers of corporate America and municipal and state governments. But that support has been strained as a result of the many call-ups of the Guard and Reserve over recent years in support of overseas operations. Employers are uncomfortable since long periods of employee absences are not what they had anticipated or had been accustomed to in the past. Employers have endured watching their Guard and Reserve employee’s call-up

times move from 30 days, to 90 days, to six months and then to one year. Now employers face losing their employees for two years at a time.

The employer's playing field over the last several years has changed with regard to the Department of Defense use of employers Guard and Reserve employees. The employers feel disenfranchised since as employers they had no input on the new use of their Guard and Reserve employees, and they have no practical ability to replace the absent employee who is called up for long periods of time, especially in the existing tight labor market. This is especially burdensome to small and medium size employers. This naturally will affect SDVOBs and SVOBs.

Please keep in mind that over 60% of the participants in the Guard and Reserve come from rural areas. When they are called to active duty and leave their job, it is hard for employers to find replacements, especially if it is a critical position or a management/executive position.

Historically, the Guard and Reserve had been activated only twice from inception until 1991. There was a full call-up during World War II and a partial call-up during the Korean War. The 30,000 plus Guard and Reserve personnel who served during the Vietnam War for the most part were volunteers who asked to be sent to the war zone. There were selected call-ups, but few were actually sent to Vietnam. The limited combat activities between the Vietnam War and the Gulf War were for the most part fought with active duty troops.

However, since the 1990-1991 Gulf War there have been multiple full call-ups of the Guard and Reserve. This has put a tremendous strain on the Guard and Reserve system and the relations of those military participants with their employers.

In addition to call-ups to support overseas actions, there has been an increase in the traditional uses of the Guard here at home for emergencies. Examples include Hurricane Katrina, Hurricane Rita, border operations against illegal immigrants and removing snow from avalanches in the western states. Many western states regularly count on their National Guard units to help fight fires each summer. The ability by states to use their National Guard units in their traditional roles has been disrupted with the many call-ups for Afghanistan and Iraq. And the equipment that historically had been used to fight the fires is no longer available as the equipment has been used for combat in Afghanistan and Iraq. Combat use has destroyed much of the Guard's equipment.

This higher pace of activity has put a tremendous strain on the Guard and Reserve citizen soldier system and the relations of those military participants with their civilian employers. This has placed a significant number of Guard and Reserve members in the tenuous position of trying to serve two masters at the same time.

Unintended consequences

The result of all these call-ups has had some unintended consequences which are not favorable, either for employees or companies. Business & Legal Reports (www.Compensation.BLR.com) conducted its annual Survey of Employee Benefits in late 2004 and found that the percentage of employers paying full salaries to their National Guard or Reserve employees on active duty had plummeted in just two years. In 2003, 33% of employers paid exempt employees their full salary while on military leave; this had apparently dropped to 15% in 2005. Meanwhile, the number of employers who paid nothing to their active duty employees had increased from 31% in 2003 to 50% in 2005. Many companies were still willing to make up the difference between what employees earn during military service and their normal wages, 36% in 2003, declining slightly to an estimated 34% in 2005.

The results of BLR's 2007 Survey of Employee Benefits show that the number of employers maintaining full pay for employees serving the Guard or Reserve had increased since 2005, but still had not returned to the percent of employers offering paid leave reported in 2003. In 2007, 21% of respondents to the survey reported that they would pay employees on military leave full pay during such leave. Similarly, the number of employers that paid the difference between military pay and an exempt employee's salary rose from 34% in 2005 to 43% in 2007. The number of employers that do not pay exempt employees on military leave decreased from 50% in 2005 to 36% in 2007. The results of the 2007 BLR Survey of Employee Benefits is heartening and shows that some employers are providing full or differential pay out of patriotic duty. But there is a limit to what employers will tolerate and the poll was taken before the announcement about the new policy.

Recent polls

More recent evidence that there is a trend in declining support by employers for employees who participate in the Guard and Reserve comes from Workforce Management (www.workforce.com). The readership of Workforce Management is primarily corporate executives and members of the Human Resource profession.

Workforce Management ran two polls of its readers this month regarding the hardships that are being imposed on employers who want to support their Guard and Reserve participating employees. The first question which was posted the week of January 8 asked:

Does your company have employees deployed in Iraq, and is this a hardship for your business?

The answers from 335 executive and human resource managers are disturbing.
Yes – 67%

No – 31%
I don't know – 2%

Following the results of the January 8 poll and in light of the new Department of Defense policy regarding the Guard and Reserve announced on January 11, the second poll which ran the week of January 15 asked:

If you, as an employer, knew that a military reservist or National Guard member could be called up and taken away from their job for an indeterminate amount of time, would you still hire a citizen soldier? (All answers are confidential.)

The results to this question from 389 respondents are even more disturbing.
Yes – 29%
No – 54%
I don't know – 17%

I suspect that many of the “don’t knows” in the second survey had a patriotic twinge or were concerned about being identified in some way, and chose “don’t know” instead of “no”. But the fact that there is even one employer who would say no is disturbing.

These two recent polls definitely indicate there is a rising trend in corporate America to not support the way the Guard and Reserve are currently being used. These Guard and Reserve employees are the human capital that a corporation needs to function. The corporate support that has always been present in the past was critical to the success of the Guard and Reserve programs. These polls indicate that corporate support is now rapidly disappearing.

With the results of the Workforce poll, it is evident that a comprehensive study needs to be conducted by an independent organization, one like the Society of Human Resource Management. The study should be done with no participation by organizations that might have a vested interest.

A disturbing emerging trend

These results are indicative of a trend among companies nationally to not want to hire members of the Guard and Reserve due to the extended use by the Department of Defense of their Guard and Reserve employees. The trend to not supporting Guard and Reserve employees is directly correlated to when the term Strategic Reserve was changed to Operational Reserve. If they are operational, they are not really a reserve. They are operational combat troops who are underpaid and not getting the same benefits as when they were on active duty, especially when it comes to retirement benefits.

It should be made clear that most companies are very patriotic and were willing to support employees that were in the Guard and Reserve in the old system before the extended call-ups of six months and one year started to take place. Many companies have

active military hiring programs and in many cases, encourage managers to hire a veteran, whether the veteran had been active duty, retired or a participant in the Guard or Reserve.

Most companies are aware of their obligations to support employees who are active in the Guard or Reserve. This is due in large part to the success of the National Committee for Employer Support of the Guard and Reserve (ESGR). ESGR has been very active in getting the word out about USERRA (Uniformed Services Employment and Reemployment Rights Act). VETS at the Department of Labor is also very effective in this effort.

But since the call-up times were moved from a six month to a one year call up, there is evidence indicating employers are not enthusiastic about hiring a new employee who is an active member of the Guard or Reserve. This new policy of two year call-ups will definitely work against members of the Guard and Reserve who are trying to also have a meaningful civilian career or start a business.

VetJobs has been receiving calls from veterans and transitioning military who are concerned about employers asking during an interview whether the candidate intends to join the Guard or Reserve. While the question is patently illegal, there is no real enforcement. If the candidate files a complaint, it becomes a he-said she-said type of issue. The candidates inherently know that if they say yes to joining or rejoining the Guard or Reserve, they will not be hired. The fact that some employers are asking this question is disturbing, but it is also understandable.

Employer support on the wane

There are definite reasons why the support for the Guard and Reserve system as it is currently operated by the Department of Defense is not receiving support from employers.

Historically, employees participated in a Guard or Reserve program on weekends and most used two weeks of their vacation time to participate in their active duty for training. But current policies by the Department of Defense is calling Guard and Reserve personnel from their employers for up to a year a time or longer, and in many cases the employee has been called up several times.

This policy makes it hard for employers to plan and depend on having their human capital available to fulfill their corporate mission. While large patriotic companies like Wal-Mart, BNSF Railway, Caterpillar, CACI and many utilities and municipalities actively support the call-up of their Guard and Reserve personnel, it is much harder on smaller firms, especially those firms with less than 100 employees and companies in rural areas. And an overwhelming percentage of those who participate in the Guard and Reserve are employed in small to mid-sized companies, many of which are veteran owned.

Companies have a fiduciary responsibility to their shareholders to run an efficient and profitable operation. Companies can not do so if they can not count on having their employees, their human capital, available. While for many this is just common sense, those making the decisions on how to utilize the Guard and Reserve seem to have missed what corporate America is saying.

Given a company's fiduciary responsibility, the new policy regarding the use of the Guard and Reserve is disturbing to human resource executives as it puts them in a quandary. One senior vice president of human resources of a major company explained it to me this way: If I have three final candidates for a position who are all equally qualified, and one mentions they are active in the Guard or Reserve, with the new policy I now have two final candidates, especially if it is for a critical position in the company. Another senior executive commented that in light of the new policy, they will, under USERRA, continue to support their current employees who are active in the Guard or Reserve, but they will no longer actively seek out to hire candidates who are active in the Guard or Reserve.

I have heard this same sentiment from a large number of human resource managers since the Pentagon's policy announcement of January 11. All these executives were not willing to be quoted publicly due to USERRA and other applicable laws, but they represent a trend that is taking place in corporate America.

Indications of this trend are being picked up by the news media.

In a December USA Today article titled More Reservists Feel Slighted, it was reported that the number of Guard and Reserve members who say they have been reassigned, lost benefits or been fired from civilian jobs after returning from Guard or Reserve duty has increased by more than 70% over the past six years. The Labor Department said it handled 1,548 complaints from returning service members in the fiscal year ending September 30, 2006, up from 895 in fiscal year 2001. About one-third of the cases were resolved in favor of employees according to the Department of Labor. But those numbers don't reflect all the servicemen and women with problems. Many of the cases are settled before they get to the Labor Department.

A Department of Defense spokesperson said the Pentagon received more than 8,000 complaints in 2006, nearly double from the previous year. Most of the complaints were resolved without further government action. The complaints ranged from being fired, losing chances for promotion or being reassigned to jobs with less pay or responsibility.

It is interesting to note that about 500,000 of the 850,000 reservists and National Guard members eligible for duty have been mobilized since late 2001. That represents the largest call-up of part-time troops since the Korean War. Many of the Guard and Reserve personnel have been called up multiple times, especially if they have high demand security clearances and/or specialized technical skills.

While the Pentagon's goal has been to mobilize Guard and Reserve units no more frequently than one year out of six, the demands of wartime require calling up units more often than that. Army officials had been saying for some time that more frequent mobilizations were necessary because the active-duty force is being stretched too thin. Secretary Gates' announcement on January 11 is the first confirmation of the change.

An important aspect of this issue is the policies of increased use of Guard and Reserve were never vetted with the employers of the Guard and Reserve members. Consequently, the employers feel disenfranchised and no longer want to support the system. Recognizing the potential legal implications, the employers are staying under the legal radar, but the trend is occurring.

An example of how the employers are not supporting the multiple call-ups is the recent highly publicized case by Lieutenant Colonel Debra Muhl against Sutter Health of California for violating USERRA in 2006. The suit alleges the company violated federal law by firing her after she told her supervisor she was being deployed to Iraq. Lieutenant Colonel Muhl had been called up to active duty status several times, including in March 2003 for 10 months and twice in 2005 for military training. Demand for nurses is very high.

Some Pentagon officials like to note that Guard and Reserve who serve more than one call-up do so “voluntarily”. While this is technically true, what is left out is that many of the members are volunteering because they can not find meaningful employment equal to their education and experience. They have found that their participation in the Guard and Reserve is working against them in the civilian work place. This has got to be stopped!

Impact on families

Another aspect to this issue is the impact on families. Among the leading reasons why people leave the military are operation tempo and the effect on families. Over the last six years the stress on Guard and Reserve families has been significant. I hear regularly from people leaving the Guard or Reserve because they do not want to get a divorce. Their spouses are not tolerating the call-ups as if they were still active duty military. Particularly since the Guard and Reserve do not get the same benefits as an active duty person or access to their retirement upon retiring like an active duty military person, but they are being used as if they were part and parcel of the active duty force.

The Guard and Reserve were created to be strategic reserves. But in today's world they are being used as an extension of the active duty forces. If the members and their families wanted to stay in the active forces, they would not have resigned and joined the Guard or Reserve. While a Guard or Reserve participant may be very patriotic and support the policies of the Pentagon, they also have to pay attention to their families. And spouses carry a lot of weight in these types of decisions.

The family issue is why the National Guard Bureau has created an entire section to tend to family issues and concerns while members are deployed. The active duty forces have also created family support centers to support families. But spouses carry considerably more sway than commanding officers. And if the constant extended and repeated deployments are fought by the spouses and parents, the members will not stay active in the Guard or Reserve.

Conclusions

The results of this new call-up policy will be very damaging. In fiscal year 2006, 23 of the 54 National Guard groups failed to meet their recruiting numbers. The Army Reserve met 95% of its recruiting goal while the Navy Reserve met only 87% of its goal. A policy increasing the call-up time for Guard and Reserve participants will make it even harder to meet recruiting goals.

More importantly, if an employee is looking at a promotion in a company and senses that their participation in the Guard and Reserve will work against them, they will quit participating. If a potential Guard and Reserve candidate in the civilian labor force senses that employers will not support participation in the Guard and Reserve, they will not join.

It should be noted that most of the participants in the Guard and Reserve are natural leaders in their community and have the very skills needed for the high tech military of today's Guard and Reserve. This new policy will not encourage the very people we need in the Guard and Reserve to participate or remain in uniform.

And perhaps most disturbing, as this trend grows, returning Guard and Reserve personnel – the very people who have been fighting to keep the United States free – will find it harder to obtain meaningful employment equal to their education and experience. The results from the Workforce polls are appalling. But from the standpoint of corporate America, they are understandable.

I will be interested to see if the Congress and the Department of Defense is paying attention to what employers are quietly saying – for now – employers will no longer support the way the Guard and Reserve are being used.

And that is a “big deal”.

Thank you for your time.

This concludes my testimony.

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